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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Calling Party Pays Service Option) WT Docket No. 97-207
in the Commercial Mobile Radio Services)
)

REPLY COMMENTS OF MCI TELECOMMUNICATIONS CORPORATION

MCI Telecommunications Corporation ("MCI"), by its attorneys, respectfully submits these reply comments in response to comments filed on December 16, 1997. In the Notice of Inquiry in this proceeding, the Commission sought information concerning a "Calling Party Pays" service option ("CPP") for commercial wireless carriers. For the reasons set forth below, MCI urges the Commission to take no further steps toward implementation of a wireless-specific calling party pays option, pending resolution of critical issues within the wireless industry and the broader telecommunications industry.

Initial comments were filed by twenty-six parties, representing a wide range of interests. Commenters included manufacturers, facilities-based cellular and paging carriers, local exchange carriers (LECs), PCS licensees and resellers. The record reflects deep divisions within the wireless industry on a wide range of issues, including fundamental issues such as whether the Commission should require LECs to offer billing and collection services for CPP, and whether individual negotiations among carriers or a clearinghouse approach would best resolve the complex issue of intercarrier settlements. On balance, the record developed to date provides no basis for the Commission to move forward to the next step, adoption of a Notice of Proposed

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Rulemaking. If the initial comments demonstrate anything, it is that there is a strong likelihood that any Commission action toward implementation of CPP would be premature, and that implementation of CPP could adversely affect competition and consumers generally and could jeopardize the attainment of other important Commission policy objectives. MCI will briefly discuss several of the key issues in these reply comments.

Competition Policy

Adoption of CPP as described in the Notice of Inquiry, a service option available only to commercial wireless service providers whereby the calling party is charged for airtime, does not foster the Commission's broader goal of promoting competition among all participants in all segments of the industry -- wireline, wireless, local, long distance, facilities-based and resale. Sound competition policy strives to promote competition, not to advance the interests of a single competitor or segment at the expense of others. CPP fails the basic competition policy test. Before advancing implementation of CPP in the present narrow context, the Commission should direct the industry to consider whether other, more broadly available alternatives, including "one number" or personal number solutions based on Service Access Codes (e.g. 500, 700) or on intelligent network architectures, would better achieve the Commission's stated objectives.

Numbering Issues

The Commission, the state commissions and the industry are currently in the midst of accomplishing a wide range of numbering-related tasks related to the introduction of competition into the local exchange market. These include those related to the growth in demand for numbers (NPA splits and overlays, number conservation measures including pooling) and those more specifically tied to implementation of number portability. Unless carefully architected to

avoid adverse impacts, NPA-based CPP could spur a rapid and unforeseen increase in the demand for numbering resources in certain areas of the country or it could, in other ways, make an already complex transition to full number portability even more difficult.¹ This provides another, independent basis for the Commission to proceed cautiously, if at all, toward near-term implementation of CPP.

Leakage

Much has been written in this proceeding concerning the phenomenon of leakage -- the wireless industry's term for lost revenue when CPP calls are unbillable due to lack of billing and collection agreements between the terminating wireless carrier and the carrier on whose network the call originated. One proposed solution is to implement a uniform national approach. However, the leakage problem and its solution, necessarily transcends national boundaries. The current process by which calls originating overseas are routed and billed creates additional implementation challenges for CPP. International carriers' tariffs and accounting rates are country specific; today there is no mechanism to identify traffic destined for CMRS phones generally, or to CPP subscribers in particular. This makes it impossible for the overseas carrier to bill the caller at a rate different from standard wireline calls. The only practical way for overseas carriers to identify calls to CMRS providers is to implement a unique numbering scheme (one

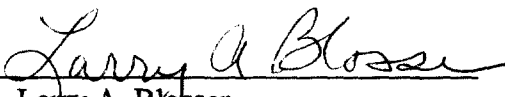
¹ Indeed, CTIA's supporting study, "CTIA Service Description for Calling Party Pays (CPP): December, 1997 (Draft Revision 0.3)," appears to reject number conservancy efforts in light of CPP: "It is strongly recommended that wireless carriers be permitted to continue to receive entire NXX blocks to preserve existing CPP implementations as long as possible. Further, CMRS NXXs should not be subject to harvesting in order to prevent the premature invalidation of current NXX-based services." (Section 2.11, at 5).

which could, as noted above, accelerate the rate of depletion of the domestic numbering resource).

In addition to call identification, a process by which the CMRS provider is compensated for overseas originated calls needs to be defined and implemented. A U.S.- only process could create a situation whereby domestic carriers bypass the U.S. process by re-routing calls via overseas carriers. To avoid being responsible for payments to CMRS providers without adequate compensation, overseas carriers and/or US international carriers may need to block these calls. Blocking calls to CMRS numbers from overseas is inconsistent with the goal of facilitating competition in the local exchange market.

Wherefore, MCI respectfully requests that the Commission take the views expressed herein into account in its consideration of the many issues related to the calling party pays service option.

Respectfully submitted,
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Dated: January 16, 1998

CERTIFICATE OF SERVICE

I, John E. Ferguson III, do hereby certify that copies of the foregoing Reply Comments of MCI on the Matter of the Calling Party Pays Service Option in the Commercial Mobile Radio Services were sent, on this 16th day of January, 1998, via first-class mail, postage pre-paid, to the following:

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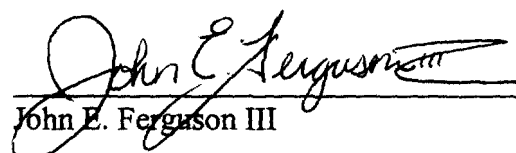
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